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Wage Price Index, Australia

The WPI measures changes in the price of labour, unaffected by compositional shifts in the labour force, hours worked or employee characteristics

Reference period September 2021

Released 17/11/2021

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Key statistics

In September quarter 2021 the seasonally adjusted WPI:

- Rose 0.6% this quarter and 2.2% over the year.
- The private sector rose 0.6% and the public sector 0.5%.

Wage Price Index (WPI) Total hourly rates of pay excluding bonuses

	Jun Qtr 2021 to Sep Qtr 2021 % change	Sep Qtr 2020 to Sep Qtr 2021 % change
Trend(a)		
Australia	na	na
Private sector	na	na
Public sector	na	na
Seasonally		
Adjusted(b)		
Australia	0.6	2.2
Private sector	0.6	2.4
Public sector	0.5	1.7
Original		
Australia	0.9	2.2
Private sector	1.0	2.3
Public sector	0.7	1.7

a. na - not available. See Suspension of the trend series (in Survey impacts and changes)

b. See Interpretation of index numbers, Seasonally adjusted indexes and Seasonal analysis on the Methodology page

What's new this quarter

This issue includes:

- A spotlight on the Frequency of wage increases

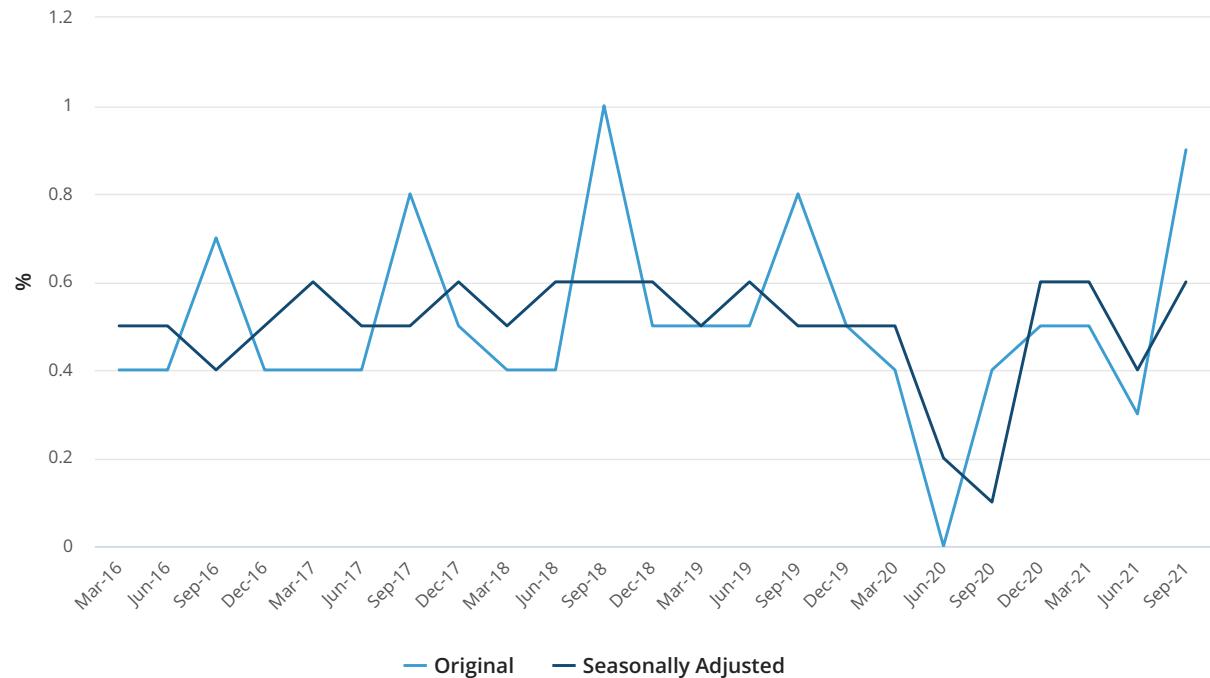
Overview

The September quarter 2021 WPI saw a return to a regular pattern of growth after the disruptions of COVID-19 through 2020 and 2021. The private sector was the main driver of change.

The three largest states were the main contributors to growth, New South Wales, Victoria, and Queensland.

The most significant industries to contribute to growth this quarter were the Professional, scientific and technical services, Health care and social assistance and Construction industries.

Quarterly changes, total hourly rates of pay excluding bonuses

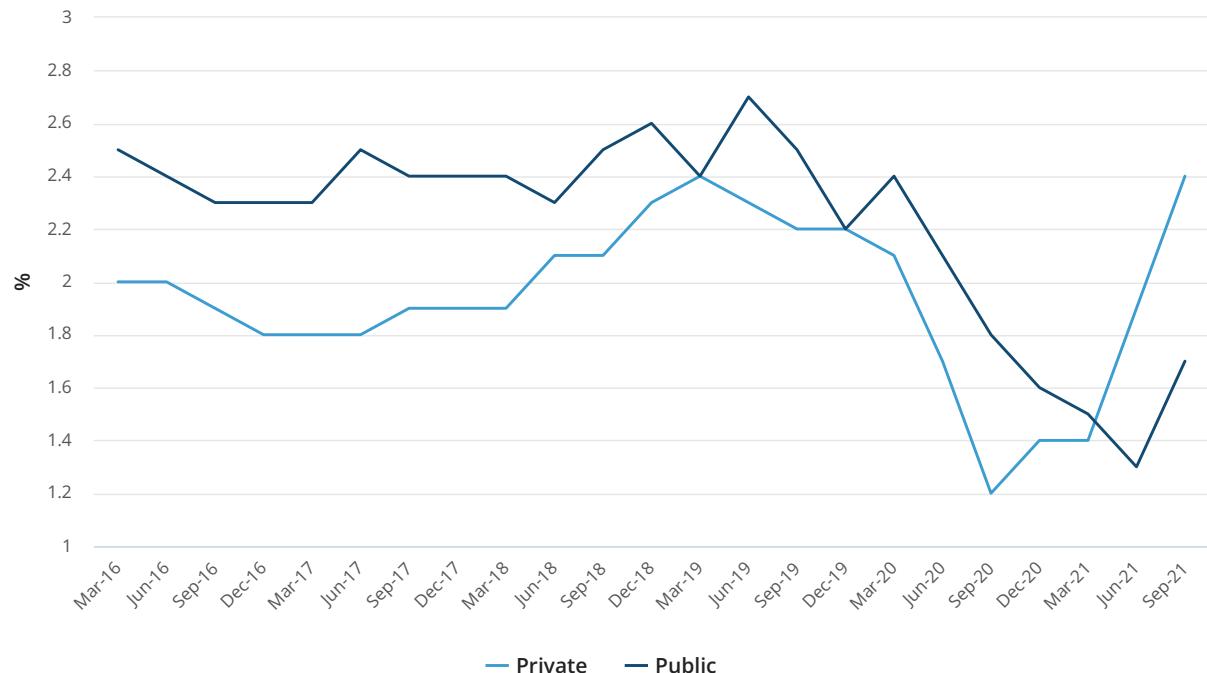


Wage growth by sector

Wage growth in the private sector through the year rose 2.4%, continuing the pattern of increases in annual growth since the series low in September quarter 2020.

The public sector through the year growth rose 1.7%, the first increase in the rate after slowing in each quarter since March quarter 2020.

Annual wage growth by sector, seasonally adjusted



Private sector growth

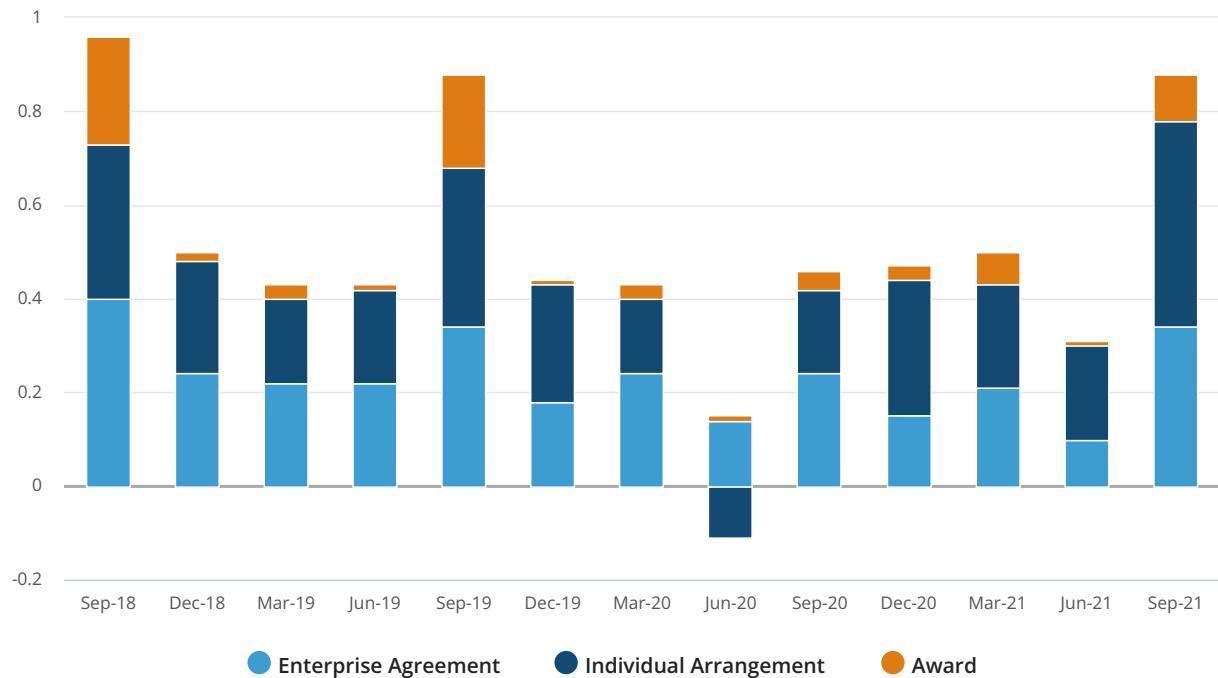
Private sector wages rose 0.6% in September quarter 2021 in line with pre-pandemic September quarters. This quarter saw more employers conducting salary reviews than observed at the same time last year, when COVID-19 had a bigger influence on business operations. Small, isolated pockets of demand across a number of industries saw larger increases paid to attract and retain experienced staff.

Public sector growth tracks below private sector

Wage growth for the public sector rose to 0.5% and has continued to track below the private sector since September quarter 2020. This quarter saw a return to regular scheduled increases after a period of public sector wage freezes.

Drivers of wage growth

Contributions to wage price index, by method of setting pay



The drivers of wage growth over the September quarter 2021 can be seen returning to a regular quarterly pattern in the graph above. The contribution of jobs by the different methods of setting pay shows jobs covered under individual arrangements driving a large portion of wage growth. The wages and salaries for these jobs tend to react more quickly to labour market conditions than the jobs covered by enterprise agreements and awards.

Enterprise agreements remain a regular contributor to wages growth with a larger contribution observed this quarter, influenced by the end of the public sector wage freezes that have been a feature over the last 12-18 months.

For the second year the Fair Work Commission Annual Wage review has staggered the implementation of award increases over different time periods, with a proportion of the scheduled award rises contributing to the September quarter 2021 wage growth. While the previous review spread award-based rises over three quarters, this year will see the majority of award-based rises over the September and December quarters of 2021.

Spotlight: Frequency of wage increases (c)

To provide further insight on the drivers of wage change for the WPI, the ABS has analysed the frequency of increases for jobs covered by the different methods of setting pay to examine the effect the COVID-19 pandemic has had on patterns of wage growth.

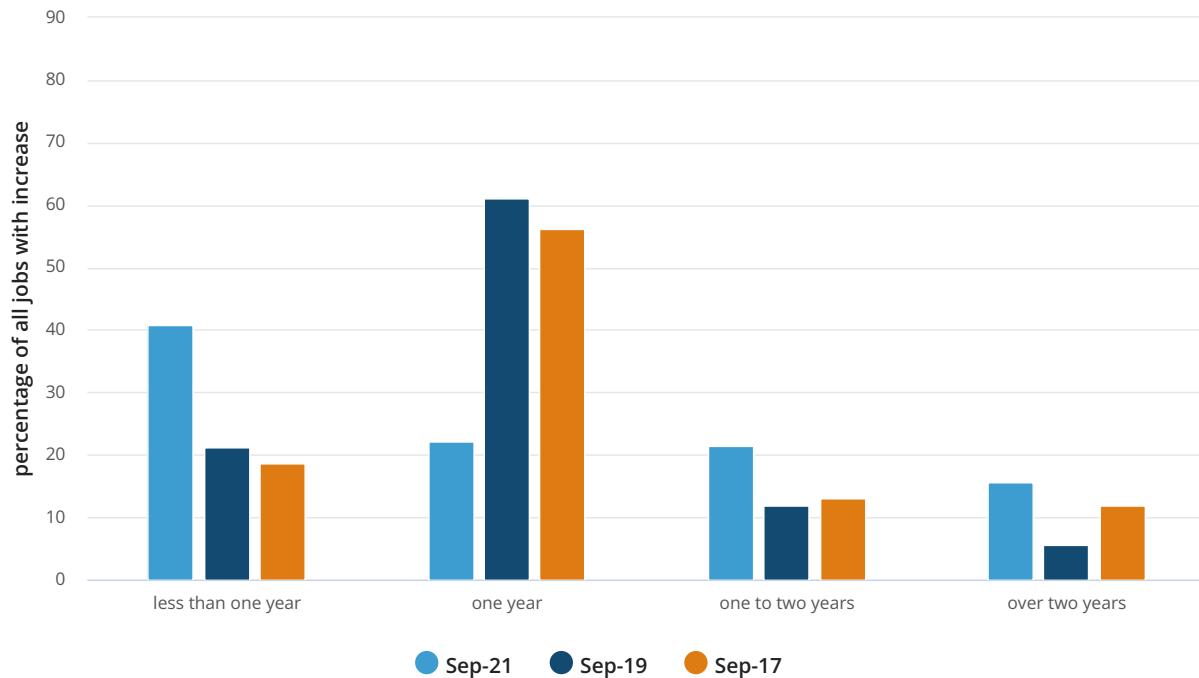
Prior to the COVID-19 pandemic the frequency of wage rises followed a similar pattern in September quarters, generally recording annual increases. By looking at the jobs recording a wage rise this quarter against previous September quarters, and the time between wage rises, we can see the disruption that COVID-19 has had on the regular timing of wage growth.

Over the last ten years the WPI would normally see 35 to 40% of jobs record a wage rise in the September quarter. The proportion of jobs with a wage rise last September quarter was significantly lower at around 20% as wage discussions were postponed and wage freezes employed by organisations as a response to the pandemic. In September quarter 2021 the proportion of jobs recording a wage rise has returned to the previous range.

Individual arrangements

Of all the jobs covered by individual arrangements, 25% recorded a wage rise in September quarter 2021. A large proportion of these saw a significant shift away from their regular pre-COVID pattern of annual wage rises. Typically, around 55-60% of September wage rises are annual increases, while this quarter only 22% of these increases were annual. The proportions of wage rises occurring after an extended period (greater than one year) primarily due to wage freezes, and those recording a second increase within the year both grew. This second group were a combination of award-reliant jobs, which pay above award rates but track the frequency and size of award changes, and specific in-demand occupations that saw wages adjusting to new market rates.

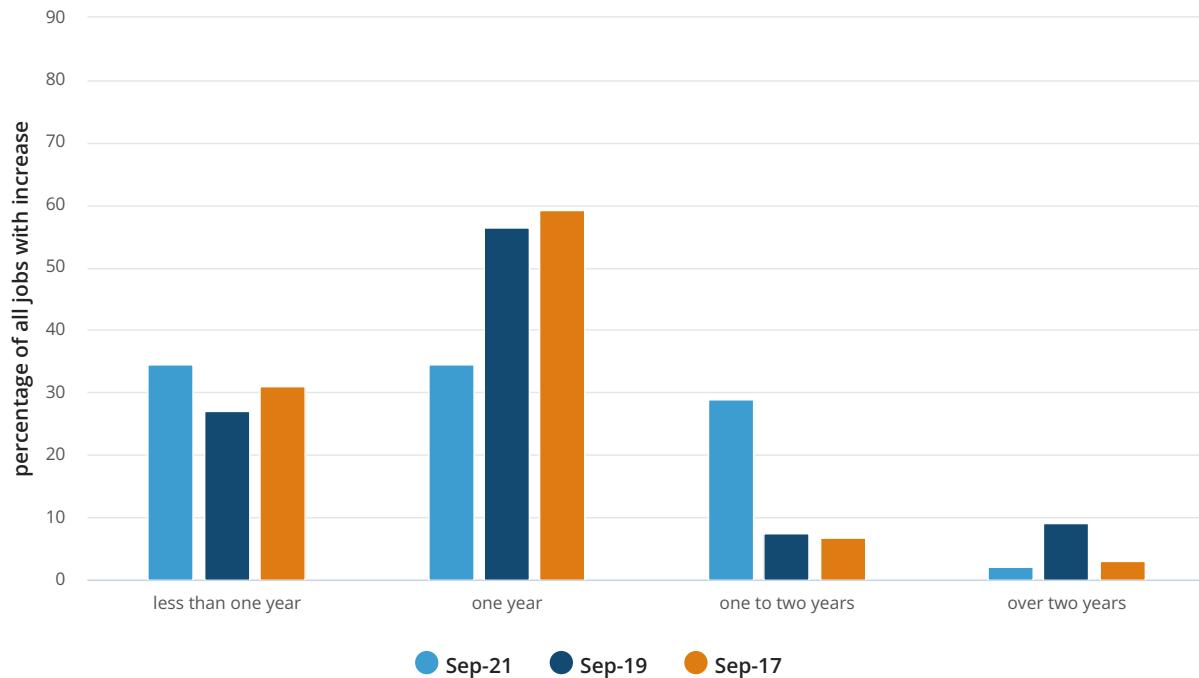
Individual arrangements, time since last wage increase in September quarters



Enterprise bargaining agreements

Enterprise agreements across the private sector, state and commonwealth government have been affected by various wage freezes since the pandemic first impacted the Australian economy. September quarter 2021 has returned to a more regular pattern of wage rises with 35% of jobs reporting a wage rise. Historically, the majority of enterprise agreements reported a mix of regular annual and six-monthly wage rises. This year, wage freezes have tended to impact those enterprise agreements with a regular annual frequency, extending the time between wage rises to over a year. A number of new enterprise agreements have also begun after extended periods of negotiation with these jobs also seeing a first increase in over a year.

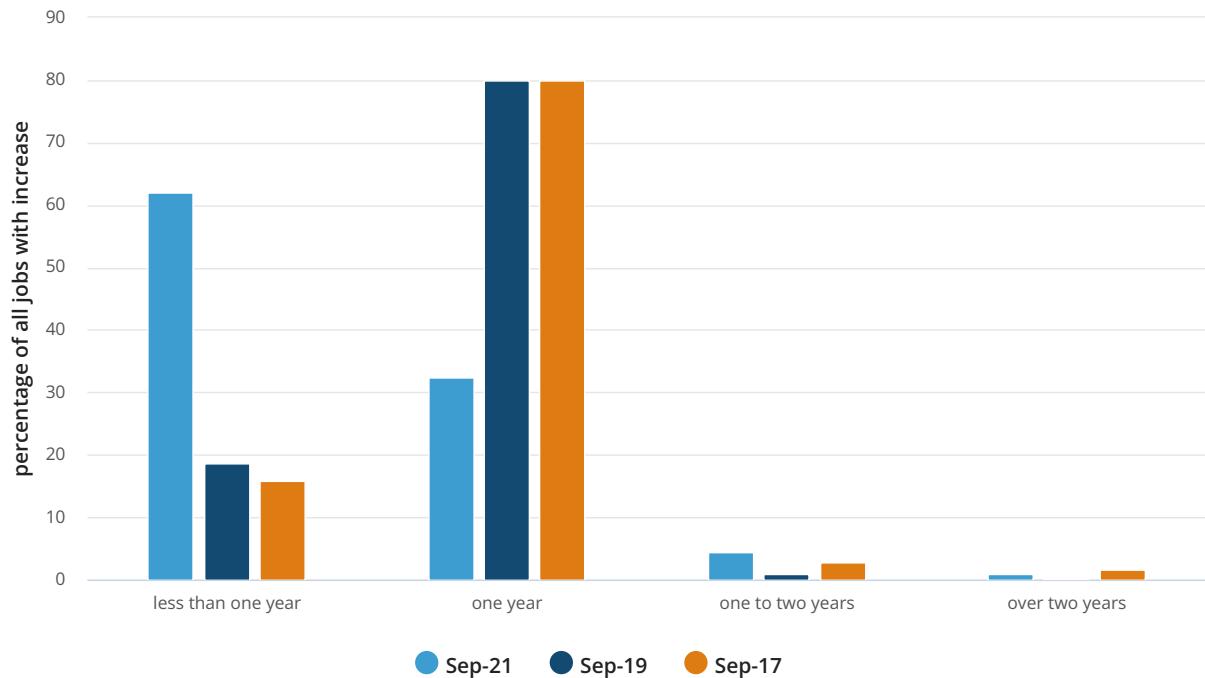
Enterprise bargaining agreements, time since last wage increase in September quarters



Awards

Annual increases have been a feature of Modern awards for some time with interruptions to this pattern occurring only around significant economic disruptions like the GFC and the COVID-19 pandemic. In the last two annual reviews the Fair Work Commission staggered the timing of award increases across 2020 and 2021. This change in timing meant that there was more than a year between wage rises in 2020 for over half of award jobs, and as a consequence less than a year between wage rises for those jobs in 2021. In pre-COVID years, a large proportion of award jobs would normally record wage rises in a September quarter (around 80%). With the staggered implementation of the latest Annual Wage Review only 55% of award jobs recorded an increase in the current quarter, with most others expecting rises in the December quarter 2021.

Awards, time since last wage increase in September quarters



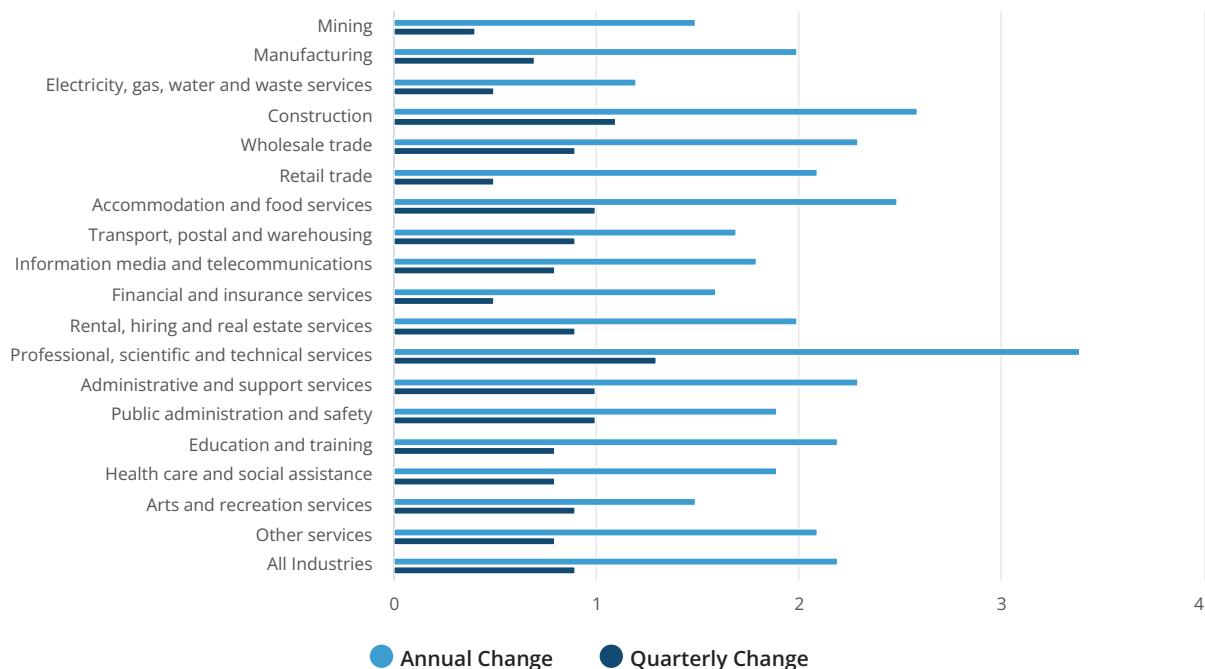
(c) analysis of the frequency of wage changes only includes jobs that have been in the survey for more than four quarters.

Wage growth by industry

Original estimates:

- Professional, scientific and technical services recorded the largest quarterly rise of any industry of 1.3%. The annual rate of growth of 3.4% for this industry was both the highest across all industries in the quarter and the highest for this industry since December quarter 2012.
- Mining recorded the lowest quarterly rise of 0.4%.
- Electricity, gas, water and waste services recorded the lowest through the year rise of 1.2%, the slowest rate since the commencement of the series.

Annual and quarterly changes, original, total hourly rates of pay excluding bonuses - industry

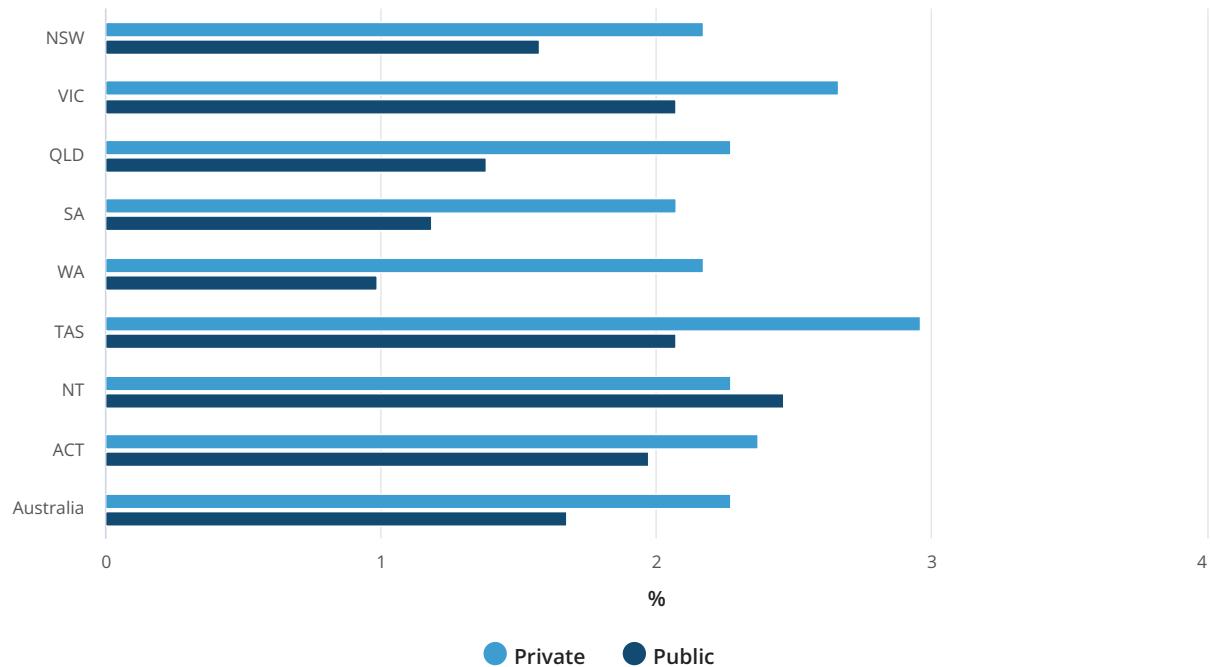


Wage growth by states and territories

Original estimates:

- Tasmania and the Australian Capital Territory both recorded the highest quarterly rise of 1.0%, with Tasmania driven by the private sector and the Australian Capital Territory driven by the public sector.
- South Australia recorded the lowest quarterly wage index rise of 0.7%, contributing to the lowest through the year rise of 1.8%.
- Tasmania maintains the highest through the year rise of all the states and territories for the fourth consecutive quarter. This is the highest annual rate of growth (2.7%) for the state since June 2013.

Annual change, original, total hourly rates of pay excluding bonuses - states and territories



Survey impacts and changes

Suspension of the trend series

The Wage Price Index trend series was suspended from June quarter 2020 until more certainty emerges in the underlying trend in labour market activity over the COVID-19 period.

Update on seasonal adjustment methods

In the lead up to the June 2020 Wage Price Index release, the ABS advised that the method used to produce seasonally adjusted estimates would change from the "concurrent" method to the "forward factors" method during the COVID-19 period. The forward factors approach is better suited to managing large movements at the end point of series and ensures that these large movements do not have a disproportionate influence on

the seasonal factors.

Given the disruption to the labour market during the COVID-19 period and the continuing use of the forward factors method to seasonal adjustment, the ABS recently undertook an extensive annual review of its seasonally adjusted Wage Price Index series. This review followed similar reviews that are progressively being undertaken across the ABS economic statistics program, and the outcome for Wage Price Index was to continue using the forward factors method. Through this process static forward factors were calculated for the next 4 quarters and implemented in the June 2021 release.

Further information can be found in the ABS article published on 23 July 2020 ([Measuring the Wage Price Index during the COVID-19 pandemic \(/articles/methods-changes-during-covid-19-period\)](#)).

The seasonally adjusted Wage Price Index series will continue to use the forward factors method for the foreseeable future and are expected to return to using concurrent adjustment when the risk of disruption from COVID-19 becomes sufficiently low.

Upcoming reweight

The expenditure weights used to compile the WPI will be updated in the December quarter 2021 using the expenditure on wages and salaries from the 2021 Survey of Employee Earnings and Hours.

Data downloads

Changes to Excel file format on the ABS website

In line with updating to more recent technology formats, the ABS will progressively transition to releasing Excel files in the .XLSX format. This means that timeseries spreadsheets in the suite of prices statistics releases will be progressively upgraded from .XLS files to .XLSX files.

While this change will improve usability, it may also require changes to automated macros or similar programs that users may have in place that call on the current file extension format.

For Wage Price Index products, this change will take effect from the release of December data on 23 February 2022. Previously released data will not change.

I-Note

The wage price indexes in Tables 1, 2b, 3b, 4b, 5b, 7b, 8b and 9b are updated and released every quarter. The corresponding financial year wage price indexes in Tables 2a, 3a, 4a, 5a, 7a, 8a and 9a are updated and released each June quarter for the preceding financial year. There are no financial year indexes created for Table 1.

Time series spreadsheets

[!\[\]\(ef57557257cbb5c674d51a9e0a98bb4d_img.jpg\) Download all \(1.01 MB\)](#)

Table 1. Total hourly rates of pay excluding bonuses: sector, original, seasonally adjusted and trend

[!\[\]\(e10db9d69cb0b265e01951fb48872059_img.jpg\) Download XLS](#)

[130.5 KB]

Table 2a. Total hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

[!\[\]\(51c8b64a0f70f0b96d4cbd0a65299579_img.jpg\) Download XLS](#)

[87 KB]

Table 2b. Total hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

[!\[\]\(bbcc5d2e6bfdea06264cef1b81418bd0_img.jpg\) Download XLS](#)

[127.5 KB]

Table 3a. Total hourly rates of pay excluding bonuses: private sector by state, original (financial year index numbers for year ended June quarter)

[!\[\]\(af9072107bc8b9304abb99c80a6fe165_img.jpg\) Download XLS](#)

[86.5 KB]

Table 3b. Total hourly rates of pay excluding bonuses: private sector by state, original (quarterly index numbers)

[!\[\]\(90164f74041f71b612f1c8605a7ede54_img.jpg\) Download XLS](#)

[127 KB]

Table 4a. Total hourly rates of pay excluding bonuses: public sector by state, original (financial year index numbers for year ended June quarter)

[!\[\]\(1a2e9c86c2a63dd0890db1012b677415_img.jpg\) Download XLS](#)

[87 KB]

Table 4b. Total hourly rates of pay excluding bonuses: public sector by state, original (quarterly index numbers)

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[128 KB]

Table 5a. Total hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

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[214 KB]

Table 5b. Total hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

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[410 KB]

Table 7a. Hourly rates of pay including bonuses: sector, original (financial year index numbers for year ended June quarter)

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[76.5 KB]

Table 7b. Hourly rates of pay including bonuses: sector, original (quarterly index numbers)

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[105 KB]

Table 8a. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

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[87 KB]

Table 8b. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

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[128.5 KB]

Table 9a. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

[↓ Download XLS](#)

[214.5 KB]

Table 9b. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

[↓ Download XLS](#)

[411 KB]

All WPI series: original (quarterly index numbers)

[↓ Download XLS](#)

[339 KB]

All WPI Series: original (financial year index numbers for year ended June quarter)

[↓ Download XLS](#)

[272 KB]

All time series spreadsheets

[↓ Download ZIP](#)

[958.75 KB]

Data cubes - 63450. Distribution of expenditure on wages, wage price index, Australia

[↓ Download XLSX](#)

[157.27 KB]

Create your own tables and visualisations with Data Explorer

Caution: Data in Data Explorer is currently released after the 11:30am release on the ABS website. Please check the reference period when using Data Explorer.

[Wage Price Index \(https://explore.data.abs.gov.au](#)

[/vis?fs\[0\]=ABS%20Topics%2C1%7CECONOMY%23ECONOMY%23%7CPrice%20Indexes%20and%20Inflation%23PRICE_INDEX_INFLATION%23&pg=0&fc=ABS%20Topics&df\[ds\]=ABS_ABS_TOPICS&df\[id\]=WPI&df\[ag\]=ABS&df\[vs\]=1.0.0&pd=2020-Q1%2C2021-Q2&dq=.THRPEB..TOT..AUS.Q&ly\[c\]=MEASURE&ly\[rw\]=TIME_PERIOD&ly\[rs\]=TSEST%2CSECTOR&lo=1\)](#)

For information on Data Explorer and how it works, see the [Data Explorer user guide](#) ([/about/data-services/data-explorer/data-explorer-user-guide](#)).

Previous catalogue number

This release previously used catalogue number 6345.0.

Using price indexes

Price indexes in contracts

Price indexes published by the Australian Bureau of Statistics (ABS) provide summary measures of the movements in various categories of prices over time. They are published primarily for use in Government economic analysis. Price indexes are also often used in contracts by businesses and government to adjust payments and/or charges to take account of changes in categories of prices (Indexation Clauses).

[Use of Price Indexes in Contracts](https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Inflation+and+Price+Indexes+-+Use+of+Price+Indexes+in+Contracts) (<https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Inflation+and+Price+Indexes+-+Use+of+Price+Indexes+in+Contracts>) sets out a range of issues that should be taken into account by parties considering the inclusion of an Indexation Clause within a contract utilising an ABS published price index.

Frequently asked questions

The [Wage Price Index FAQs](https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Wage+Price+Indexes+FAQs) (<https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Wage+Price+Indexes+FAQs>) page has answers to a number of common questions to do with price indexes and the Wage Price Index, in particular.

Methodology

[Wage Price Index, Australia methodology, September 2021](#)